

DOCUMENT RESUME

ED 275 846

CE 045 432

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TITLE Using Labor Market Information to Support Local Decision Making.
INSTITUTION Northern Illinois Univ., De Kalb. Center for Governmental Studies.
SPONS AGENCY Illinois State Board of Education, Springfield. Dept. of Adult, Vocational and Technical Education.
PUB DATE [86]
NOTE 17p.; Chart on page 17 contains small print.
PUB TYPE Viewpoints (120)
EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Career Education; *Decision Making; *Educational Planning; *Labor Market; *Occupational Information; *Program Development; *Program Validation
IDENTIFIERS *Education for Employment Program (Illinois)

ABSTRACT

This report describes a process to determine the degree to which labor market information guided the program decisions of local planning and advisory groups in Illinois' Education for Employment system. The first part focuses on the program approval application and local validation process. It offers recommendations for the sequential contents of a program approval application, the purpose of which is to determine the degree to which labor market information is incorporated in local program decision making. Topics discussed include industry profile, industry analysis, and occupational analysis. The next part of the report discusses activities of staff responsible for reviewing and verifying these applications. The kind of supports necessary to facilitate and expedite the review process are also considered. The third part makes suggestions about the kinds of information useful in the local validation process. It also discusses the particular decisions for which these "rules of evidence" are most appropriate. A flow chart of sequential steps and data sources used in labor market planning conclude the document. (YLB)

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CENTER FOR GOVERNMENTAL STUDIES

This report is funded by a grant from the Department of Adult, Vocational,
and Technical Education, Illinois State Board of Education.

The purpose of this report is to describe a process to determine the degree to which labor market information guided the program decisions of local planning and advisory groups in the Education for Employment system.

The report will focus on the following: 1) the program approval application, 2) activities of the staff responsible to review and verify these applications, 3) the kind of supports necessary to facilitate and expedite the review process, and 4) local validation information requirements. At the outset it should be acknowledged that there is no fool-proof process to determine whether or not these data are used. Also, the degree to which these data are used is partly a function of the logic of the prescribed planning model and the quality of the data, training and technical assistance provided.

The role of labor market information in the planning process is that it narrows the range of industries and the occupations contained within those industries to occupations that hold the most promise for employment. The goal of strategic labor market planning is to identify occupational targets for further consideration in a local validation process. The advantage of this kind of planning is that it allows for the efficient use of limited resources to do program planning. The effective use of this kind of planning is beyond the scope of this report. The degree to which these data reflect actual labor market conditions must be tested apart from the issue that this report addresses. Timeliness of the data and the methodology of projecting industry and occupational employment are not addressed in the report.

10

An understanding of the role that labor market planning plays in the Education for Employment program on the part of the planning grant directors is critical to using the data. The more relevant this process is to their world of work, the more these data will be used.

The facility with which this planning can be done also influences how it will be used by planning grant directors. Labor market planning is not easy but necessary. It is time consuming, technical, and exacting. More importantly, it is to most a new and foreign process. The results are exciting and thought provoking but the process is dull and unattractive to the majority of users (my bias is showing here!). Therefore, the degree to which users understand how this planning supports their work, in the sense of making it easier; see the logic of the planning framework and have available mechanisms to facilitate planning such as the micro OIS (Occupational Information System), which will be available shortly, there is greater likelihood that the data will be used.

The Program Approval/Local Validation Process

The program approval application is the most tangible tool available to assess how labor market information was used to arrive at program choices. It is by no means fool proof but can be used to provide an overview of the employment environment in the labor market area and background information from which to assess the final choices made for program development. Occupational choices made in the absence of this overview are less verifiable, because their connections to industry are less clear.

One of the roles that labor market information can play in the

Education for Employment program is to provide consensus on labor market trends among the various public and private sector professionals who are involved in vocational education. The local validation process provides an excellent opportunity to review this background information, to educate those new to the system, and to provide a point of discussion for more seasoned professionals. Within this context, both short and long term educational program choices can be made. The purpose of labor market planning is to provide an overview of the labor market-not only to identify occupations - but to provide a source of information on the local economy that gives planners and decision makers a new tool to build effective and efficient programs that lead to employment for students. To present only occupations for local validation and program approval misses the major benefit of labor market planning, which is an understanding of the industrial employment base of the labor market area and source of occupational employment. The trends of industries in the labor market area determine the viability of occupational choices.

The distribution of occupations across industries is an important consideration for program approval and provides an indicator of having incorporated the data in the local validation process. Again, this aspect of the data review aids planners and decision makers to see what the experience of these industries is in the labor market and determine the degree and type of occupations in demand. The implications of industry distribution include the following:

1. The occupation may be found in growing and declining industries and this raises questions about how much training is needed.

2. The variety of industries in which the occupation is found raises questions about the kind of industry specific training required.
3. If an occupation is concentrated in a single industry - the fate of any training program developed is dependent on the performance of that industry.

These considerations are important to the process of labor market planning and to quality decision making for program development.

The following are recommendations for the sequential contents of a program approval application; the purpose of which is to determine the degree to which labor market information is incorporated in local program decision making.

1. Industry Profile. *Please profile the major industry sectors in the labor market area; answering the following questions (see pgs 5-10 in "A Guide to Determining Occupational Demand").
 - a. Define the labor market area (LMA).
 - b. What major industries are in the LMA?
 - c. How are these industries concentrated in the LMA?
 - d. How does the distribution of industries in the LMA compare to the nation?
 - e. What industry sectors are growing and what industry sectors are declining in the LMA?
 - f. What industries are growing and declining nationally?
 - g. What are the implications of local and national industry sector growth or decline for vocational education?
2. Please attach the appropriate worksheets from "A Guide to Determining Occupational Demand" as documentation to the industry profile outlined above.

The purpose of this section is background information against which to measure occupational choices. It also provides the beginning point for consensus on labor market trends in the local validation process. Further, it demonstrates an understanding of how to do labor market planning. This

description aids the reviewer in getting a clear picture of the overall conditions under which this planning occurs. If the LMA is over dependent on a particular industry or if all industries are declining it provides some indicator of how successful program completers will be in finding jobs in the LMA or why a limited number of new programs will be developed or why cutbacks may be necessary.

This Industry Profile should be no more than one page of the application. A question and answer format may be used or a descriptive passage can be used as well. Descriptive narrative allows for better integration of the data. It should be indicated that all questions must be answered for the application to be processed. A section should be available at the end of the application for comments from the local validation process, pro or con. There may be more recent labor market developments that could influence the Industry Profile.

3. Industry Analysis (see pgs 11-12 in Guidebook). In this section of the application please analyze the 10 largest and 10 fastest growing 3-digit industries in the labor market area. Using the worksheet please include the following in this discussion:
 - a. Regional/LMA employment growth or decline.
 - b. National employment growth or decline.
 - c. Dun & Bradstreet information.
4. Please attach the appropriate worksheets from "A Guide to Determining Occupational Demand" as documentation to the Industry Analysis outlined above.

Briefly describe each of these industries in terms of the above. Please include any information gathered in the local validation process that further explains the experience of this industry in the local labor market area.

The purpose of this section of the application is to insure that these data have been examined locally and that more specific industry information has provided a better understanding of industry employment by local planners and decision makers as well as reviewers of the application.

Three-digit industries are the basis of the staffing patterns that identify individual occupations for the Occupational Analysis in the next section.

This Industry Analysis is important because it requires the combining of secondary data with first hand information on local labor market conditions. It is through this process that coordination has its beginnings in that consensus on labor market trends can be established as local validation occurs. This process also enhances coordination with economic developers simply because there is an understanding on the part of those in vocational education of the industrial composition, trends, and comparisons with national conditions. In some cases this information will be complementary, in others it will be unique because only the vocational education system has this kind of planning information.

It is of critical importance that planning grant directors understand the industrial employment base from which occupations are chosen for educational program development. This process on the application insures that this information has been reviewed.

5. Occupational Analysis (see pgs 22 - 26 in Guidebook). Please identify those occupations or occupational clusters targeted for program development or expansion. Include the following information for each occupation targeted:

- a. Is the LMA for this occupation local, state, or national?
- b. Growth rate in the region, state, and nation.

- c. Industry distribution.
- d. Separation rates/average annual job openings.
- e. Occupational supply.
- f. Additional documented information from the local validation process.

6. Please attach the appropriate worksheets from "A Guide to Determining Occupational Demand" as documentation to the Industry Analysis outlined above.

The purpose of this section is to insure that all possible sources of available information are brought to bear on the choice of an occupational target.

The labor market area for an occupation is important because the level of geography determines which data is most important to consider in program approval. Those occupations with statewide or national labor markets should have positive state or national growth projections and wages that will allow for mobility for program completers.

Industry distribution is critical because such information determines the viability of an occupation as well as provides an indicator of the type of curricula necessary in educational program development.

Usually, the broader the distribution of an occupation across industries the more viable it is. Although some occupational skills are not transferable from one industry to another. Also, unique conditions in the LMA may indicate an occupation is found in only one very stable industry. Separation rates and average annual job openings are strong indicators of occupational demand and should be used so that planners become experienced in interpreting this complicated indicator. All pertinent information acquired in the local validation process should be included in the discussion of these occupations.

Finally, in this section of the application, occupational supply information should be discussed so that there is an understanding of the nature and number of program completers in the market for these jobs. The supply of workers is measured against the demand for workers created by occupational growth and separation rate determines net occupational demand. To examine only the demand for occupations over-inflates need for these occupations and therefore uses program development dollars inefficiently and sets program completers up to fail.

Placement information is valuable in this section of the application because it indicates that program completers are either successfully or unsuccessfully placed in these occupations. High placement rates are an indicator of quality training and available jobs. Individuals involved in the local validation process require this kind of information to make decisions about the need or lack of need for educational programs.

In summary, to insure to the degree possible that labor market information guided the program decisions in the Education for Employment system the logic of the planning process should be incorporated in the program approval application. Remembering that one of the major purposes of labor market planning is to understand the overall industrial and occupational make-up of the region. Such information leads to consensus on labor market trends on the part of the variety of individuals and constituencies they represent. This kind of consensus is a beginning point for coordinated efforts to reduce unemployment and provide quality education and training programs.

Therefore, the Industry Profile, Industry Analysis, and Occupational

Analysis provide a logical explanation of industry composition, trends, and the source of occupational stability, growth, or decline in the labor market area. The Industry Profile need be no more than one page. This Industry Analysis should be a minimum of two pages (typed double-spaced). Each occupation analyzed should be completed in one page. Each of these three analyses should answer all of the questions indicated earlier in the appropriate sections of this report.

Staff Responsible for Review/Supports for Review

Staff responsible to review these applications should go through this same process for each region. This is necessary in order to validate the application and insure that the process is accurately completed and verify that the logic of the planning process is clear to regional staff and the groups with which they work. There is no short-cut here. The review is a technical assistance activity that ascertains the degree to which written materials, training, and other technical assistance activities were effective in helping regional staff meet with success in the planning process. Data made available to regional and state staff can be reviewed to determine how reliably the process and data are represented.

The availability of the micro - OIS (Occupational Information System) will greatly facilitate the ability of the technical assistance staff to monitor the plans produced at the regional level. The IBM PC's in place in the state office provide another facilitator to the review process. It is recommended that D-Base III+ software package be purchased and used to develop a spreadsheet format that answers questions in each analysis section. This software package has the capability to develop spreadsheets

as well as to analyze and display relational data bases. This means a variety of labor market information data bases as well as program information could be analyzed and included in the output. This software will significantly enhance the ability of the technical assistance staff to monitor regional plans. Further, once developed, these software programs can be made available to regional staff. This will further insure the use of the data simply because it will lessen the time required to analyze, compare, and report the secondary data.

The introduction of this capability will greatly influence the potential to incorporate program, labor market, and census information and provide the widest array of necessary information for planning, monitoring, and evaluation of program outcomes.

Local Validation

The purpose of this section of the report is to make suggestions about the kinds of information useful in the local validation process. This information would be used to:

1. Support occupational targets from the secondary data.
2. Choose an occupational target not indicated in the secondary data.
3. Eliminate an occupational target indicated by the secondary data.

It is important to establish the "rules of evidence" for the local validation process to assure that there is consistency in decision making across regions and from DAVTE in the program approval process. There are situations where the "rules of evidence" are less crucial, such as in the expansion of a clerical program to include courses on business law or

medical technology. This decision can merely imply the purchase of additional textbooks and the use of already employed faculty. Then there are the development of new, high cost programs or the elimination of programs that will result in staff reductions. These decisions are more serious in terms of physical and human resources. Here the "rules of evidence" should be clear and, to the degree possible, accurate in portraying local labor market conditions.

What follows here is a discussion of the kinds of information that can be used to support the local validation process as well as a discussion of the particular decisions for which these "rules of evidence" are most appropriate.

Program Information - Program information is the most valuable source of planning and decision-making information. It is valuable because, in the ideal, it should describe the training or education experience and the outcome of that training. The kinds of program information most valuable for our purposes include:

1. Training related placement
2. Length of placement
3. Method of instruction (classroom, OJT, cooperative education)
4. Wages
5. Class size
6. Unit cost of training

Program information alone is sufficient for incremental decision making where a program is expanded or contracted, especially when the labor market information supports either situation. More radical program decisions

require program information and additional local validation information.

Chamber of Commerce/Business Information - Often local business people who sit on advisory boards are aware of expansions or contractions in their particular workforce. A letter from the appropriate business will provide information to support local decision making. The Chamber of Commerce executive is often aware of new business start-ups long before the general public. They generally have knowledge of business problems resulting in plant or business closings or reductions in the workforce. A letter from the Chamber executive documents any of these situations. This "rule of evidence" from local business or Chamber can be used to support more radical program decisions.*

Economic Development Plans/Attraction and Retention Plans - Any official document from an economic development group indicating particular industry strength, plans to attract or retain industry can be used to support new high cost program development or elimination of a particular program. Though these plans generally do not contain occupational information, staffing patterns for these industries can be obtained from IOICC (Illinois Occupational Information Coordinating Committee) to further clarify the need for occupational training programs. Attraction strategies to draw particular industries to a region can provide the basis for long term program planning by beginning to examine their training needs and determine how available resources can support these future training needs.

Census Information/Student Characteristics - The role of census information, through a secondary data source, is important in the

development of remedial, english-as-a-second language, and cultural orientation programs to ensure that special needs students are equipped to benefit from regular education and training programs. This information also identifies other groups, such as teenage parents, families in poverty, and single-parent families that may need supports to participate in vocational education programs. Student characteristic information and Census information can document the need at the local level for these kinds of programs.

The use of these information sources not only enhances the local validation process but fosters interaction between a variety of public and private entities involved in job creation and maintenance in the local labor market. The review of these kinds of information at the local level provides a source of consensus on labor market trends which is a beginning point for coordination among the various groups seeking to provide healthy local economies.

THE SEQUENTIAL STEPS AND DATA SOURCES USED IN LABOR MARKET PLANNING

